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BEFORE THE ARIZONA CORPORATION COMMISSION

KRISTIN K. MAYES

Chairman

GARY PIERCE

Commissioner

PAUL NEWMAN

Commissioner

SANDRA D. KENNEDY

Commissioner

BOB STUMP

Commissioner

Arizona Corporation Commission

DOCKETED

AUG 10 2010

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IN THE MATTER OF THE APPLICATION
OF PINEVIEW WATER COMPANY, INC.
FOR APPROVAL OF AN INCREASE IN ITS
WATER RATES - COMPLIANCE FILING
PER DECISION NO. 71693

DOCKET NO. W-01676A-08-0366

DECISION NO. 71839ORDER

Open Meeting
July 27 and 28, 2010
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. Pineview Water Company ("Pineview" or "Company") is certificated to provide water service as a public service corporation in the State of Arizona.

2. On May 3, 2010, the Commission issued Decision No. 71693 granting Pineview a rate increase. As part of the Decision, the Commission ordered that Pineview shall submit "... for Commission consideration, within 120 days of the effective date of this Decision, at least five Best Management Practices ("BMPs") (as outlined in the Arizona Department of Water Resources' modified Non-Per Capita Conservation Program).¹ The Decision further ordered that a maximum of two of these BMPs may come from the "Public awareness/PR" or "Education and Training" categories of the BMPs."²

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¹ Decision No. 71693 at 29:1-4.

² Decision No. 71693 at 29:4-5.

3. On June 8, 2010, the Company filed its proposed Public Education Program and BMP tariffs.³ In its compliance filing the Company is requesting Commission approval to implement the conservation measures listed below.

- **Public Education Program Tariff:** A program for the Company to provide free written information on water conservation measures to its customers and to remind them of the importance of conserving water.
- **New Homeowner Landscape Information Tariff – BMP 2.3:** A program for the Company to promote the conservation of water by providing a landscape information package for the purpose of educating its new customers about low water use landscaping.
- **Customer High Water Use Inquiry Resolution Tariff – BMP 3.6:** A program for the Company to assist its customers with their high water-use inquiries and complaints.
- **Water Waste Investigations and Information Tariff – BMP 3.8:** A program for the Company to assist customers with water waste complaints and provide customers with information designed to improve water use efficiency.
- **Meter Repair and/or Replacement Tariff – BMP 4.2:** A program for the Company to systematically assess all in-service water meters (including Company production meters) in its water service area to identify under-registering meters and to repair or replace them.

Staff's Analysis

Pineview Service Area Characteristics

4. Pineview Water Company is located in the White Mountains of Eastern Arizona. With an elevation of over 6,300 feet, this area's water usage varies drastically with the seasons. This area is mostly forested with tall pines. Currently, the Company has 1,145 active accounts. These consist of 1,010 residential and 135 commercial accounts. The Company's commercial customers include Home Depot, Lowe's, Wal-Mart, Tall Pines Care Center (full service nursing facility), several Mobile Home Parks, and Summit Health Care Hospital.

5. From October to April, as much as 65 percent of residential connections have no usage. The average total usage during these months is 5,860,000 gallons a month. Most of this

³ The Public Education Program is considered a BMP even though it is not specifically referenced as a BMP in Modified Non-Per Capita Conservation Program guidance documents.

1 usage is from Commercial accounts. However, residents do come up in the winter when the Ski
2 Resorts are operating.

3 6. In the months between May and September, the average total usage is 10,835,000
4 gallons a month. Again, most of this usage is commercial; however, there are a growing number
5 of residences that are putting in high-water needs landscaping. When temperatures in the Phoenix
6 and Tucson areas rise to over 100 degrees, residents with second homes return.

7 7. Pineview Water Company offers one free meter shut-off and one free meter turn-on
8 per year. The Company began this policy to encourage the seasonal residents to turn their meter
9 off when they are gone for long periods; particularly during the winter months. On average, ten
10 customers a year end up with high water bills due to frozen pipes that have broken and leak. The
11 Company believes that if they had used the free service they could have saved themselves the high
12 water bill; and saved valuable resources.

13 8. The landscaping supply businesses do promote and sell low water needs plants and
14 trees; however, in striving to meet the demand of their customers they do sell products that require
15 more care and more water. This type of landscape is particularly desired by new residents to the
16 area.⁴

17 9. Staff concludes that each BMP proposed is relevant to Pineview's service area
18 characteristics and water use patterns.

19 Proposed Tariff

20 10. Staff created a set of BMP tariff templates that were developed using the BMP
21 descriptions outlined in the Arizona Department of Water Resources' ("ADWR") modified Non-
22 Per Capita Conservation Program and relevant ADWR documents. ADWR representatives were
23 provided with a copy of these templates, revisions were made to the templates where appropriate
24 to incorporate any comments/suggestions provided by ADWR.

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28 ⁴ The foregoing information, contained in paragraph 4, was provided by Pineview Water Company to Staff in an email dated May 12, 2010; See Staff Memorandum filed June 11, 2010 in Docket No. W-01676A-08-0366.

11. Pineview was provided a copy of Staff's templates. The Company included minor modifications to reflect its specific management and operational requirements, however, the tariffs proposed by Pineview generally conform to the templates developed by Staff.

Recommendation

12. Staff has concluded that the BMPs proposed are relevant to Pineview's service area characteristics. The tariffs proposed by Pineview generally conform to the templates developed by Staff. Staff has recommended approval of the Company's proposed Public Education Program and BMP tariffs attached hereto.

CONCLUSIONS OF LAW

1. The Company is an Arizona public service corporation within the meaning of Article XV, Section 2, of the Arizona Constitution.

2. The Commission has jurisdiction over the Company and of the subject matter in this Application.

3. The Commission having reviewed the filing and Staff's Memorandum dated June 14 2010, concludes that it is in the public interest to approve the proposed Public Education Program and BMP tariffs.

ORDER

IT IS THEREFORE ORDERED that Pineview Water Company, Inc.'s Public Education Program and BMP tariffs attached hereto are hereby approved.

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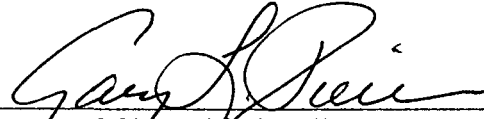
1 IT IS FURTHER ORDERED that Pineview Water Company, Inc. shall file with Docket
2 Control, as a compliance item in this docket, the Public Education Program and BMP tariffs
3 authorized herein within 30 days of the effective date of this Decision.

4 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

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6 **BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**

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CHAIRMAN


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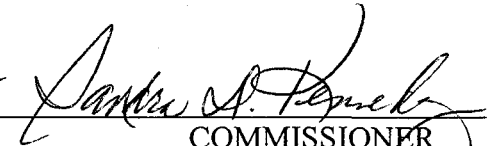
COMMISSIONER

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COMMISSIONER

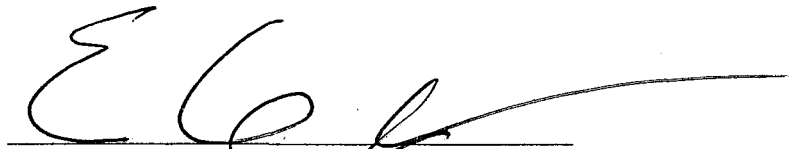

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COMMISSIONER


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COMMISSIONER

14 IN WITNESS WHEREOF, I, ERNEST G. JOHNSON,
15 Executive Director of the Arizona Corporation Commission,
16 have hereunto, set my hand and caused the official seal of
17 this Commission to be affixed at the Capitol, in the City of
18 Phoenix, this 10th day of August, 2010.

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21 ERNEST G. JOHNSON
22 EXECUTIVE DIRECTOR

23 DISSENT: _____
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25 DISSENT: _____
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27 SMO:DWS:lhmvAV
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SERVICE LIST FOR: PINEVIEW WATER COMPANY, INC.
DOCKET NO.: W-01676A-08-0366

Mr. Ronald L. McDonald
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Mr. Steven M. Olea
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Ms. Janice M. Alward
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Arizona Corporation Commission
1200 West Washington Street
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Company: Pineview Water Company, Inc.Decision No.: 71693Phone: (928) 537-4858

Effective Date: _____

Public Education Program Tariff

PURPOSE

A program for the Company to provide free written information on water conservation measures to its customers and to remind them of the importance of conserving water (Required Public Education Program).

REQUIREMENTS

The requirements of this tariff are governed by Rules of the Arizona Corporation Commission and were adapted from the Arizona Department of Water Resources' Required Public Education Program and Best Management Practices in the Modified Non-Per Capita Conservation Program.

1. The Company shall provide two newsletters to each customer; one to be provided in the spring, the other in the fall. The goal of the letters is to provide timely information to the customers in preparation of the warmer summer months, and the cold winter months, in regards to their water uses. The Company shall remind customers of the importance of water conservation measures and inform them of the information available from the Company.
2. Information in the newsletters shall include water saving tips, home preparation recommendations for water systems/pipes, landscape maintenance issues for summer and winter, water cistern maintenance reminders and additional pertinent topics. Where practical, the Company may make this information available in digital format which can be mailed, faxed or e-mailed to customers upon request.
3. Communication channels shall include one or more of the following: water bill inserts, messages on water bills, Company web page, post cards, e-mails and special mailings of print pieces, whichever is the most cost-effective and appropriate for the subject at hand.
4. Free written water conservation materials shall be available in the Company's business office.
5. The Company may distribute water conservation information at other locations such as libraries, chambers of commerce, community events, etc., as well.
6. The Company shall keep a record of the following information and make it available to the Commission upon request.
 - a. A description of each communication channel (i.e., the way messages will be provided) and the number of times it has been used.
 - b. The number of customers reached (or an estimate).
 - c. A description of the written water conservation material provided free to customers.

Company: Pineview Water Company, Inc.Decision No.: 71693Phone: (928) 537-4858

Effective Date: _____

New Homeowner Landscape Information Tariff – BMP 2.3**PURPOSE**

A program for the Company to promote the conservation of water by providing a landscape information package for the purpose of educating its new customers about low water use landscaping (Modified Non-Per Capita Conservation Program BMP Category 2: Conservation Education and Training 2.3: New Homeowner Landscape Information).

REQUIREMENTS:

The requirements of this tariff are governed by Rules of the Arizona Corporation Commission and were adapted from the Arizona Department of Water Resources' Required Public Education Program and Best Management Practices in the Modified Non-Per Capita Conservation Program.

1. Upon establishment of water service the Company shall provide a free "Homeowner Landscape Packet" to each new customer in the Company's service area. The packet will include at a minimum: a cover letter describing the water conservation expectations for all customers in the Company's service area, all applicable tariffs, a basic interior exterior water saving pamphlet, xeriscape landscape information, a list of low water use trees, plants, shrubs, etc., watering guidelines, a rain water harvesting pamphlet and a low flow, exterior, water hose nozzle.
2. Upon customer request, the Company shall provide:
 - a. On-site consultations on low water use landscaping and efficient watering practices.
 - b. A summary of water saving options.
3. The number of packets provided to new customers will be recorded and made available to the Commission upon request.

Company: Pineview Water Company, Inc.Decision No.: 71693Phone: (928) 537-4858

Effective Date: _____

Customer High Water Use Inquiry Resolution Tariff – BMP 3.6**PURPOSE**

A program for the Company to assist its customers with their high water-use inquiries and complaints (Modified Non-Per Capita Conservation Program BMP Category 3: Outreach Services 3.6: Customer High Water Use Inquiry Resolution).

REQUIREMENTS

The requirements of this tariff are governed by Rules of the Arizona Corporation Commission and were adapted from the Arizona Department of Water Resources' Required Public Education Program and Best Management Practices in the Modified Non-Per Capita Conservation Program.

1. The Company shall handle high water use inquiries as calls are received.
2. Whenever possible Pineview Water Company will contact the customer to inform them of high usage prior to that month's bill being mailed.
3. Calls shall be taken by a customer service representative who has been trained on typical causes of high water consumption as well as leak detection procedures that customers can perform themselves.
4. Upon request by the customer, or when the Company determines it is warranted, a trained Field Technician shall be sent to the customer's residence to conduct a leak detection inspection and further assist the customer with water conservation measures.
5. The Company shall follow up on every customer inquiry and keep a record of inquiries and follow-up activities.
6. If a field inspection is warranted the Trained Field Technician, as part of his inspection, will physically inspect the meter and its fittings for leaks.

Company: Pineview Water Company, Inc.Decision No.: 71693Phone: (928) 537-4858

Effective Date: _____

Water Waste Investigations and Information Tariff – BMP 3.8

PURPOSE

A program for the Company to assist customers with water waste complaints and provide customers with information designed to improve water use efficiency (Modified Non-Per Capita Conservation Program BMP Category 3: Outreach Services 3.8: Water Waste Investigations and Information).

REQUIREMENTS

The requirements of this tariff are governed by Rules of the Arizona Corporation Commission specifically R14-2-403 and R14-2-410 and were adapted from the Arizona Department of Water Resources' Required Public Education Program and Best Management Practices in the Modified Non-Per Capita Conservation Program.

1. The Company shall handle water waste complaints as calls are received.
2. Calls shall be taken by a customer service representative who has been trained to determine the type of water waste and to determine if it may be attributed to a leak or broken water line.
3. The Company shall follow up on every water waste complaint.
4. Upon request by the customer or when the Company determines it is warranted, a trained Field Technician shall be sent to investigate further and notify the responsible party of the waste and offer assistance and information to prevent waste in the future.
5. A letter of enforcement will be issued to customers with water running beyond the curb and/or off the customer's property due to such things as, but not limited to, backwashing of pools, broken sprinkler heads, and over watering of lawns beyond the saturation point.
6. The same procedures outlined above in item #4 will be followed in the event of a second violation. Termination of service may result in the event of a third violation within a 12 month period. In the event of a third violation the customer's service may be terminated per Arizona Administrative Code R14-2-410C, R14-2-410D and R14-2-410E (applicable service reconnection fees shall apply).
7. The Company shall record each account and each instance noted for water waste, the action taken and any follow-up activities.
8. Subject to the provisions of this tariff, compliance with the water waste restriction will be a condition of service.
9. The Company shall provide to its customers a complete copy of this tariff and all attachments upon request for service. The customer shall abide by the water waste restriction.
10. If a customer believes he/she has been disconnected in error, the customer may contact the Commission's Consumer Services Section at 1-800-222-7000 to initiate an investigation.

Company: Pineview Water Company, Inc.Decision No.: 71693Phone: (928) 537-4858

Effective Date: _____

Meter Repair and/or Replacement Tariff – BMP 4.2

PURPOSE

A program for the Company to systematically assess all in-service water meters (including Company production meters) in its water service area to identify under-registering meters and to repair or replace them (Modified Non-Per Capita Conservation Program Best Management Practice Category 4: Physical System Evaluation and Improvement 4.2 Meter Repair and/or Replacement Program).

REQUIREMENTS

The requirements of this tariff are governed by Rules of the Arizona Corporation Commission and were adapted from the Arizona Department of Water Resources' Required Public Education Program and Best Management Practices in the Modified Non-Per Capita Conservation Program.

1. On a systematic basis, the Company will inspect 100 percent of its 1-inch and smaller in-service water meters at least once every ten years for one of the following reasons:
 - a. A meter reading complaint is filed with the Company by a customer or Arizona Corporation Commission Staff,
 - b. A meter has registered 1,000,000 gallons of usage, or
 - c. A meter has been in service for ten years.
2. Meters larger than 1-inch shall be inspected for one of the following reasons:
 - a. A meter reading complaint is filed with the Company by a customer or Arizona Corporation Commission Staff,
 - b. A meter has been in service for five years.
3. The inspection will be accomplished by having the meter pulled and having a Company Technician physically inspect each meter and its fittings for leaks, registers which may have become loose or are not properly attached to the meter and could be under-registering or other broken parts which need repair. In addition, meters shall be randomly selected for flow testing to identify potentially under-registering meters.
4. The Company shall also replace or reprogram all water meters that measure consumption in 1000 gallon increments such that they shall measure consumption in 1 gallon increments.